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Office Memorandum • UNITED STATES GOVERNMENT

TO : Acting Comptroller

DATE: 28 NOV 1956

FROM : Chief, Technical Accounting Staff,
Office of the Comptroller

SUBJECT: Self-Sustaining Recreational Facilities [REDACTED]

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REF : DD/S Comments Relative to the Requirement that 50 % of the Profits of Self-Sustaining Recreational Facilities shall be Applied in Payment of Charges Made by the Agency for Special Equipment Previously Furnished at no Cost

1. Dispatch [REDACTED]-3127, dated 29 February 1956, from the Comptroller to the Chief, FE Support Base provided in part the following:

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Paragraph 2b

"Special equipment such as refrigeration, air-conditioning, cooking devices, entertainment devices and cash registers will not be furnished. This type of equipment should be purchased with funds of the self-sustaining facility or with funds advanced by KUBARK."

Paragraph 2c

"Any special equipment as described in subparagraph 2b above now being used by recreational facilities operating on a self-sustaining basis which has been furnished by KUBARK at no cost shall be charged to the facility as an advance. The charge to the facility shall be at cost if new equipment was furnished or at fair value at time of issue if used equipment was furnished. When charges are made for equipment previously furnished at no cost, at least 50% of all profits of the activity shall be applied towards the repayment of such charges."

2. The representative of TAS who was in the FE area for the purpose of developing and installing procedures for personnel service and recreational facilities advises that all self-sustaining facilities in the area, with the exception of the club at the [REDACTED] Base, have repaid charges assessed against them by the Agency for equipment which had previously been furnished to them at no cost. The amount of these charges were relatively small as compared

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with the earnings of the facility and the payment of these charges was not a hardship on the facility.

3. [REDACTED]

[REDACTED] which is now in process of coordination and which sets forth the policy and procedure for such facilities provides that all advances or charges made by KUBARK should be repaid from the profits of the facility as soon as feasible.

4. Inasmuch as the requirement that 50% of the profit of a facility be applied towards repayment of amounts due to the Agency is no longer applicable to any facility in view of waiver of this requirement for [REDACTED] by the DD/S and also in view of the elimination of this requirement in the proposed regulation covering this subject we believe that no further action is necessary.

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